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Message Text

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ACTION EB-04

INFO OCT-01 SS-04 ISO-00 EUR-03 CEA-01 FRB-03 NSC-04
NSCE-00 INR-01 INRE-00 CIAE-00 SSO-00 /021 W
----------111921Z 012052 /44
O 111908Z FEB 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 9711
DEPARTMENT OF TREASURY IMMEDIATE
INFO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L PARIS 04417

LIMDIS GREENBACK

E.O. 11652: N/A
TAGS: EFIN, FR
SUBJ: MEDIUM TERM CREDIT FOR PORTUGAL

1. SUMMARY

TREASURY OFFICIALS JACKLIN, DYCHE AND SYVRUD OUTLINED THE MEDIUM TERM CREDIT PROPOSAL TO FRENCH DIRECTOR OF FINANCE DE LA ROSSIERE AND BANK OF FRANCE REPRESENTATIVE HERBERT CALLOUD, FEBRUARY LL. DE LA ROSSIERE EXPRESSED INTEREST IN PORTUGUESE ECONOMIC SITUATION AND PROSPECTS; EMPHASIZED IMPORTANCE FRENCH GOVERNMENT ATTRIBUTES TO MORE CONDITIONALITY ON MONETARY LOANS AND IN USING THE IMF FOR THIS PURPOSE; INITIAL REACTION TO MEDIUM TERM CREDIT PROPOSAL WAS TO OUTLINE FINANCIAL AND POLITICAL CONSTRAINTS ON FRENCH PARTICIPATION; CONCLUDED THAT EVERYONE IN FRENCH GOVERNMENT WOULD BE INTERESTED IN THIS PROPOSAL; WE WOULD CONSIDER IT CAREFULLY AND WOULD TALK TO FOREIGN MINISTRY.
END SUMMARY
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2. DE LA ROSSIERE EXPRESSED CONSIDERABLE INTEREST IN TREASURY OFFICIALS' ASSESSMENT OF PORTUGUESE ECONOMIC SITUATION AND PROSPECTS, AND SAID HE WAS UNAWARE OF NATURE OF U.S. PROPOSAL. HIS RESPONSE TO DESCRIPTION OF PROPOSED MEDIUM TERM CREDIT WAS THAT HE COULD GIVE NO IMMEDIATE OFFICIAL REACTION,

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SINCE HE HAD NOT BEEN AWARE OF THIS PROPOSAL OR AMOUNTS INVOLVED. HIS INITIAL TENTATIVE REACTION WAS THAT FRENCH PARTICIPATION IN THE CREDIT WOULD BE DIFFICULT FOR TWO REASONS:

A) GOF WAS UNDER TIGHT BUDGETARY CONSTRAINT AND

B) THE FORM OF THE CREDIT PROPOSED WOULD BE UNPRECEDENTED AS NO MEANS EXIST FOR GOF TO EXTEND MEDIUM TERM MONETARY TYPE CREDIT.

3. DE LA ROSSIERE DESCRIBED THE ACTIONS RECENTLY TAKEN BY FRANCE TO PROVIDE SHORT TERM CREDIT TO PORTUGAL:

A) $25 MILLION OF FRENCH PARTICIPATION IN $L00 MILLION BIS CREDIT OF THIS WEEK,

B) $25 MILLION GOLD COLLATERAL LOAN FOR BANK OF FRANCE IN FINAL STAGES OF CONSIDERATION.

4. DE LA ROSSIERE SUMMARIZED REACTION:

A) HE WAS ESPECIALLY INTERESTED IN ECONOMIC ASSESSMENT BECAUSE IT WAS AN OPTIMISTIC ONE, WHICH IMPLIED PORTUGAL'S ABILITY TO REPAY THE MEDIUM TERM CREDITS.

B) FORM OF PROPOSED CREDIT WAS CONSISTENT WITH CONFIDENTIAL

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VIEW OF FRENCH GOVERNMENT OF ASSOCIATING MORE CONDITIONALITY TO MONETARY LOANS AND USING THE IMF FOR THIS PURPOSE.

C) FRENCH GOVERNMENT HAD NOT ENVISAGED FURTHER CREDIT TO PORTUGAL, BUT U.S. PROPOSAL SEEMS TO BE IMPORTANT.

D) EVERYONE IN FRENCH GOVERNMENT WOULD BE INTERESTED IN U.S. PROPOSAL. HE WOULD CONSIDER IT CAREFULLY AND TALK TO FOREIGN OFFICE.
RUSH

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Feb-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: GS
Errors: N/A
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Original Handling Restrictions: LIMDIS
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3339246
Secure: OPEN
Status: NATIVE
Subject: MEDIUM TERM CREDIT FOR PORTUGAL
TAGS: EFIN, FR, PO
To: STATE TRSY
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/7ddef5c7-c288-dd11-92da-001cc4696bcc
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